Export Development Act

help Canada in its trading position. As for the details of the bill, I will await its appearance before the Standing Committee on Finance, Trade and Economic Affairs where I suppose it will receive a more thorough going over.

I should like to take this opportunity to comment on the bill and the situation in which Canada finds itself in relation to the rest of the world. In spite of the Liberal fiction that Canada is a low tariff country, in fact it is one of the highest tariff countries in the world. In spite of the "song of the shirt" which the Minister of Industry, Trade and Commerce (Mr. Pepin) sang just before Christmas, we are as adept as the next country in establishing quotas and other fine points to prevent the entry into Canada of so-called undesirable things such as shirts. While we are all for free trade, it receives little support when our producers are threatened by the entry of some products made by a far away and dimly seen individual.

Some time in the future there is to be action on the full implementation of a new textile policy. Presumably, following that action, there will be no further need for quotas and surtaxes on such things as shirts, even though the industry claims to be in the vanguard of technological progress throughout the world. There will of course be others who feel concern for the electronics, chemical, furniture and shoe industries, as well as other industries, which depend for their sustenance on the tariff structure.

This country depends on trade relatively more than any other country in the western world. The value of Canada's trade is high as a result of the export of the raw materials which the country produces. It is estimated that the export of mining products produces approximately 20 per cent of the value of the country's total exports. The mining industry, more than any other industry, will be affected by the white paper on taxation if it is put into effect. There is no doubt that it will have a detrimental effect on mining exploration and development which will only become apparent in the years to come. In the mining industry more than in any other, it is apparent that taxes are a form of expense, and as taxes rise less mining and exploration development will take place. There will be less mining of low grade ore bodies. At times, we even subsidize mining by means of the Emergency Gold Mining Assistance Act.

Another 20 per cent of our exports are in pulp and paper and wood products. This market has been greatly reduced, and the effects of the strike in British Columbia will not be manifested for some time. The United States, one of our main markets, has had considerable success in increasing the growth of timber, which has tended to reduce our exports. With regard to the agriculture industry, our large western grain industry—the only one which exports in significant amounts—has fallen on hard times. The optimistic predictions that we would export 700 million bushels of grain in the next crop year have been dampened over the Christmas holidays by indications that the U.S.S.R. has harvested a bumper crop so it will not take the balance of the 53 million bushels of wheat for which it contracted. Therefore, instead of 500 million bushels of wheat being exported this year, only 350 million or 375 million bushels will be exported.

When it is considered that of this amount almost 100 million bushels is being offered to developing countries as a means of aid through low cost loans and so on, sales that may not recur, it is obvious that our grain exports are uncertain. The rosy picture painted by the minister in charge of the Wheat Board is somewhat clouded by recent developments, and the western farmer will be in a worse cash position than he has been led to believe.

Of increasing concern to those who realize that Canada must preserve a large international trade has been the interesting development of a Canadian nationalism. This was exemplified in a statement made by the Minister of Energy, Mines and Resources (Mr. Greene) when he preached Canadian nationalism in Denver, which brought the following comment from the United States Undersecretary of State, Mr. Hollis M. Dole:

> With friends like Canada, who needs enemies... I am grieved by the position Canada has taken because intense nationalism such as Mr. Greene expressed can be a two way street.

• (4:50 p.m.)

Mr. Greene's conversion on the road to Denver is a reflection of an already prevailing mood. Canadian nationalism seems to be mainly centred in Toronto, and its two leading exponents are Walter Gordon and Melville Watkins. In essence it is only logical that Toronto, along with Montreal, should remain the focus of Canadian nationalism because these communities have most to gain from strong nationalism. With a strongly centralized, nationalized country, the fruits of our widespread country would be accumulated in the coffers of the companies and the citizens of those great cities.

Amongst Canadian nationalists, it seems there is a curious view as to the auto pact. The auto pact, which accounted for 25 per cent of our exports last year, has been one of the mainstays of the value of manufactured exports to this country. Recent hard bargaining over the auto pact highlights some curious views in the Canadian stand. It is generally agreed that the auto pact, as it presently stands, has been of great value to Canada, and has worked in our favour to the moment. The Canadian decision authorizing large natural gas sales, followed by the liberalization of Canadian access to U.S. oil markets, have somewhat lifted the cloud from U.S.-Canadian economic relations.

In preparing the controversial trade bill for U.S. Senate action, the powerful Senate finance committee added a provision requiring Canada to agree to meet U.S. objections to the working of the auto agreement by the end of 1972 or face the possibility of U.S. withdrawal. The United States has been increasingly dissatisfied with its balance of payments position in relation to Canada, which it feels started with the implementation of the auto pact. There is no doubt that this agreement is not entirely satisfactory to the Americans, and they have objected strenuously to the safety features built in to protect the position of the Canadian manufacturers. President Nixon has been critical of the continuing of the safeguards, saying that they were an unnecessary burden on the automotive industry and an obstacle to full realization of the agreement's objectives.